

~AD HOC REPORT~
Richter Park Authority - Debt Refinancing Proposal
Thursday, October 15, 2015

Chairman Philip Curran called the meeting to order at 6:15 p.m. on Thursday, October 15, 2015, in the Caucus Room, 3rd Floor, Danbury City Hall, 155 Deer Hill Avenue. Present were Committee Member Vincent DiGilio and Benjamin Chianese. Also present were John Priola and Joe Cavo, Ex-Officio Members; Rick Gottschalk, Corporation Counsel; David St. Hilaire, Director of Finance, and Leroy Diggs, Richter Park Authority Representative.

Mr. Curran stated the purpose of the meeting is that, through a letter from the Mayor, the Richter Park Authority is looking for a debt refinancing proposal.

Mr. Diggs stated they are seeking a debt consolidation package from the City which could put them in a good position in both the short and long-term. They have loans with Newtown Bank at approximately 6%, pump station deeds, and working capital.

Mr. Priola noted this proposal would save the Richter Park Authority approximately \$60,000 per year which would help with the pump station that failed recently, as well as allow some working capital which is needed in light of the recent difficult winter.

Mr. St. Hilaire stated the debt consolidation is \$1.15 million at approximately 2.5%. They just need assistance in restructuring the debt, which would be of benefit.

Mr. Gottschalk noted the three components: City debt, bank debt, and working capital. A Resolution, which has been drafted, would allow the Mayor to sign a loan agreement and a promissory note. He responded to Mr. Curran that collateral includes equipment, inventory, and deposit accounts. In response to Mr. Chianese, he responded regarding collateral on the current loan as it stands.

Mr. St. Hilaire added that the closing would entail paying off the outstanding notes then a loan to the Authority of approximately \$350,000 for the pump station and working capital fund. They do not take in revenue in the winter months.

Mr. Chianese inquired regarding other loans; Mr. Priola responded that there are no others and reviewed the principle pay down and line of credit. Mr. Gottschalk added that the documents indicate no further money is to be borrowed without City approval.

Mr. DiGilio inquired regarding when loans were obtained. Mr. Priola responded and noted the first five years of the loan were interest-only and two years ago principal payments began. The loans are current. It was noted the City would have the right to file for a UCC-1 from the State.

Mr. Priola responded to Mr. Chianese that the plan is to keep accounts at Newtown Bank. He recounted that, due to the way they are structured, there was a bit of difficulty in working with some banks at that time, but Newtown Bank worked to get it done.

A motion was made by Councilman Chianese and seconded by Councilman DiGilio, to recommend that the City Council adopt a Resolution authorizing the City of Danbury to 1) Provide financial assistance to the Stanley Lasker Richter Memorial Park Authority for the purpose of allowing the Authority to refinance the current loan from the Newtown Savings Bank in the approximate principle amount of \$1,024,000. 2) Allowing the Authority to repay a past insurance premium debt to the City in the discontinued amount of approximately \$126,000. 3) Allowing the Authority to obtain additional working capital both to cover certain operating expenses and capital projects in the amount of \$350,000. All together representing a total amount of \$1.5 million and to authorize Mayor Mark Boughton to execute such documents that Corporation Counsel shall prepare in order to accomplish the foregoing. The motion passed unanimously.

A motion was made by Councilman DiGilio and seconded by Councilman Chianese, that the Ad Hoc Committee be adjourned. The motion passed unanimously at 6:30 p.m.

Respectfully Submitted,

Philip Curran, Chairman

Vincent DiGilio

Benjamin Chianese